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SUBJECT: ROMANIAN LIBERAL PARTY DISPLAYS UNITY, AS
DEMOCRATIC PARTY ALLY ENTERS PERIOD OF DISCORD

Classified By: POLITICAL SECTION CHIEF ROBERT GILCHRIST FOR REASONS 1.4
B AND D

1. (C) Summary. Delegates to the congress of Romania's center-right National Liberal Party (PNL), the largest party in the governing alliance, strongly endorsed Prime Minister Tariceanu's bid for PNL President. Delegates also turned down for the time being a proposed merger with the Democratic Party (PD). Contrasting sharply with PNL party unity displayed during the congress, PD has gone through a period of internal discord following President Traian Basescu's constitutionally required departure from the party upon becoming president. End Summary.

Liberals confirm Tariceanu and his team...

2. (C) The PNL's February 4-5 party congress in Bucharest gathered more than 1500 PNL activists from across Romania. Delegates resoundingly endorsed PM Calin Popescu Tariceanu as PNL President with a vote of 1,110 to 161. The vote underscores the fact that Tariceanu, who ran unopposed for the party presidency, has consolidated his leadership position within the PNL following former PNL leader and presidential candidate Teodor Stolojan's resignation in 2004. With Tariceanu's stamp of approval, the PNL congress also endorsed a slate of five vice-chairmen, eight Central Permanent Bureau members and three alternate bureau members. The vice chairmen include leading PNL figures such as Culture Minister Monica Musca, Agriculture Minister Gheorghe Flutur and Senate Vice President Teodor Melescanu. One of the three alternate Central Permanent Bureau members is Foreign Minister Mihail Razvan Ungureanu, initially touted by the media and analysts as a political independent, but later revealed to have discreetly been a PNL member.

... But fail to endorse merger with Democratic Party

3. (C) Delegates overwhelmingly rejected outspoken party member and former PNL President Valeriu Stoica's call for a PNL merger with its smaller governing ally, the Democratic Party (PD). Although a PNL-PD merger was touted by several PNL and PD activists prior to national elections this fall, plans to further consolidate the PNL-PD governing alliance are on hold for now. PNL leaders assert publicly, and tell Embassy officers privately, that they ultimately favor a merger with the PD but just not right now. Both PNL and PD are focused instead on consolidating the newly elected PNL-PD alliance government. According to PD interim President Emil Boc, "We have different priorities now. The PNL-PD Alliance...should focus on observing the governing program, signing the EU accession treaty set for April and on keeping the pledges made during the electoral campaign." Indeed, during the party congress Tariceanu suggested that the PNL would be in favor of a merger at some later date if the PD agrees, although one PNL deputy emphasized to PolOff that any merger with the PD would have to "take into account PNL's larger membership."

4. (C) PD leaders, on the other hand, are more skeptical of a merger, especially given the PNL's relatively strong bargaining position based on its size. One PD insider recently told PolOff that although "top level" PD leaders agree with the merger concept, PD local representatives will likely squawk loudly at any merger plans, seeking to preserve their political turf at PNL's expense. Political observers also note that cultural considerations may also come into play: the PNL tends to attract rather more polished, urban businesspersons and intellectuals, while the rough-hewn Basescu sets a more populist tone for the PD.

5. (C) There have also been debates both between and within PNL and PD on the character of a unified movement and over which bloc the new party would align itself with in the EU Parliament. Some vocal PNL members have staunchly defended PNL's "liberal tradition stretching back 130 years" and have compared abandoning the party's ideals to apostasy. Others have advocated merging with PD and Romania's now small Peasants-Christian Democratic Party (PNTCD) into a large, center-right populist movement aligned with the European People's Party in the EU Parliament. In contrast, in a

conversation with PolChief, one PD leader envisioned the two parties remaining separate, with PNL remaining on the center-right and PD eventually eclipsing the opposition Social Democratic Party (PD) as the primary party of the center-left. Nearly all agree, however, that barring near-term elections, a decision over a merger can be delayed for now. One PNL-oriented think tank in Bucharest released a report rejecting the idea of merger this year, as the new government should focus on "keeping its campaign promises."

Virtual EU Members?

16. (C) Former European Parliament Romania Rapporteur, outspoken British Baroness and Liberal EU Parliament Member Emma Nicholson, delivered one of several opening speeches at the PNL congress, declaring that, despite its 2007 accession goal, Romania is &virtually8 a member of the EU already. Alluding to President Basescu,s references to a &Bucharest-London-Washington8 axis, she asserted that Romania should consider itself as part of an axis that includes Brussels as well as Bucharest, London, and Washington. Nicholson also encouraged PNL to align with the Alliance for Liberals and Democrats bloc in the EU Parliament. The delegates politely applauded Nicholson, who is widely known in Romania for her strident criticism of international adoptions. During her trip, Nicholson also met with Basescu, Tariceanu, and others in the new government. PNL insider Christian David, now a cabinet member, noted to PolChief that Nicholson remains close with many at the top of the PNL and has promised to advocate for the new government in Brussels.

PNL Praise for Stolojan, Commitment to Alliance

17. (C) PNL Congress delegates broke into a lengthy and spontaneous ovation for outgoing PNL President Theodor Stolojan when Humanist Party (PUR) founder and leader Dan Voiculescu effusively praised his effective stewardship of the PNL. Within the PNL, Stolojan is credited with successfully uniting the hitherto fractious party. Other keynote speakers included PD Deputy Prime Minister Adriean Videanu and ethnic Hungarian Party (UDMR) Senator Peter Eckstein-Kovacs, the outspoken leader of UDMR,s "liberal faction" oriented towards reform and free market economics. Videanu, Eckstein-Kovacs, and Voiculescu all delivered the same implicit message: that the PNL-PD-UDMR-PUR governing alliance remains united. Voiculescu,s (PUR) presence at the podium also tacitly reinforced the message that his party intends to remain a member of the governing alliance, despite earlier reports that its loyalty might be wavering.

18. (C) PNL insiders confide to us that despite the PNL congress' public display of unity, unresolved tensions still exist. Stoica, who leads the movement for prompt merger with PD and has criticized the party's leadership, remains a public voice of dissent. Another potential catalyst for PNL discord comes from Rompetrol owner Dinu Patriciu, a vocal critic of the alliance with PD. Stoica and Patriciu joined forces in September 2004 to lobby for "more effective" party leadership. In addition, anticipating a Nastase win in the December 12 second round of presidential elections, Patriciu was rumored to have entered discussions with senior leaders of the PSD to discuss a potential PSD-PNL coalition or other alliance. The rumored talks reportedly soured relations between Basescu and Patriciu, which were already strained. The PNL congress, however, was a time for burying divisions within the party. And despite the sometimes divisive views of Stoica, Patriciu, and others, all unified in supporting Tariceanu's candidacy as party president.

Democratic Party Discord

19. (C) Contrasting sharply with PNL party unity, the PD over the same period entered a phase of internal discord played out publicly in the press. The conflict lay fundamentally in a vacuum at the top of the party left by Basescu's departure for the Romanian presidency. Under the constitution, the president is forbidden from being a member of any political party. Cluj mayor, and former PD parliamentary leader, Emil Boc remains acting chairman and is held in very high esteem by Basescu and most within the PD, although his verbose and occasionally abrasive style antagonizes some within the party. Moreover, his physical distance from the capital and the day-to-day dealings in the parliament have, in the words of one junior PD member, left the PD "without a rudder" in Bucharest.

10. (C) PD deputy -- and former Social Democratic Party (PSD) insider -- Cozmin Gusa has been among the most strident in seeking a top leadership position in the party. Gusa was a senior member of the campaign team and played a key role in naming a large number of young and inexperienced PD activists to the party list to enter parliament. However, since the elections he has found himself out of favor with Basescu and with more senior members of the PD. Expecting nomination as PNL-PD candidate to replace Basescu as mayor of Bucharest, he

found himself with no formal leadership position in the government or the party. Gusa confided to PolChief that "Basescu stopped returning calls." According to the press, this fallout may surround Gusa's potential links with Moscow and the KGB. While still a PSD member, Gusa traveled to Moscow in 1992 to propose a protocol between Moscow and the PSD. The media has also alleged that he had a special relationship with former Romanian Intelligence Service (SRI) Chief (1990-1997), Virgil Magureanu. Well aware of these allegations, Gusa approached us in recent days in an attempt to discount these suspicions. In Gusa's telling of the tale, his supposed Russian "contacts" were embellished by ex-PM Nastase in an attempt to diminish Gusa's attractiveness within the Social Democratic Party (PSD.)

¶11. (C) At the same time, Gusa's perceived opportunism and outspokenness earned him few allies among more established members of the alliance. Many PNL-PD members blame him for the election of former PSD Prime Minister Adrian Nastase as president of the Chamber. While the vote for that position was being carried out, Gusa instructed PNL-PD deputies to leave the Chamber in the belief that the vote was being rigged in favor of Nastase. A number of PNL-PD deputies now believe that Nastase would have been defeated had they remained and voted against him.

¶12. (C) Sensing his proverbial fall from grace and attempting to flex his muscle in the party, Gusa made a bid for the PD leadership. A group of seventeen of his junior supporters, including several MPs, signed a document in early February purportedly backing Gusa for the PD presidency. The bid resulted in a public backlash from more senior PD members, including Minister of State Adriean Videanu and former Industry Minister Radu Berceaunu, who accused Gusa of working outside of normal party procedures. Gusa's core of young supporters retorted that Gusa represented young Romanians and would lead the party "in the tradition of Basescu." The public disagreement led Basescu to intercede by stating publicly that "gangs have no place in the PD," a clear reference to Gusa and his cohorts.

¶13. (C) Gusa took the disagreement further. He denounced Basescu in a February 7 interview with leading Bucharest daily "Ziua" for interfering in the party's activities and claimed that Basescu is being blackmailed for alleged collaboration with the communist-era secret police)- allegations Basescu hotly denies. Boc accused Gusa of political immaturity, claiming that he is seeking publicity at any price. Gusa and two of his prominent supporters responded by resigning February 8 from the PD Standing Bureau. PD is expected to vote within the next few days to expel them.

¶14. (C) One young PD member confided to post that the conflict within PD over Gusa has left many in the party, particularly young members, even more confused about PD's direction. Gusa is also expected to remain in the Parliament as an independent, a position from which many are concerned he will continue to launch potentially damaging allegations at Basescu and Tariceanu. In addition, the expulsion of Gusa and the two other MPs will reduce by three the coalition's already narrow majority in parliament.

¶15. (C) Comment. Prior to PNL-PD's electoral victory in December, a standard accusation against the parties of the center-right was that they would lapse into infighting if elected to government. Indeed, this was the fatal flaw of the 1996-2000 center-right government - a point the PSD successfully stressed during its "comeback" presidential and parliamentary election victories in the 2000 elections and also highlighted during the 2004 elections. Thus far, PNL and PD have not fallen into that trap, and the alliance between them remains strong. However, some political observers have pointed out that the two parties' vulnerability may not be fighting between them, but from within - each is comprised of a number of strong personalities and party discipline remains weak when compared with that of the opposition PSD. Deferment on a decision to merge removes one potential disruption for the alliance, at least for now. In addition, the distribution of new positions in government and parliament has kept many top and mid-level members content and relatively quiet. With time, however, cracks within the alliance may become apparent -- some PNL-PD insiders have expressed concern that Gusa's fall from grace was merely the first. End Comment.

¶16. (U) Amembassy Bucharest's reporting telegrams are available on the Bucharest SIPRNET Website:
www.state.gov/p/eur/bucharest .
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